

HB5929



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5929

by Rep. Carolyn H. Krause

SYNOPSIS AS INTRODUCED:

20 ILCS 3855/1-75

Amends the Illinois Power Agency Act. Provides that by 2020, at least 15% of a utility's total supply to serve the load of retail customers shall be derived from biomass or hydroelectric energy.

LRB095 18858 MJR 44992 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Power Agency Act is amended by
5 changing Section 1-75 as follows:

6 (20 ILCS 3855/1-75)

7 Sec. 1-75. Planning and Procurement Bureau. The Planning
8 and Procurement Bureau has the following duties and
9 responsibilities:

10 (a) The Planning and Procurement Bureau shall each
11 year, beginning in 2008, develop procurement plans and
12 conduct competitive procurement processes in accordance
13 with the requirements of Section 16-111.5 of the Public
14 Utilities Act for the eligible retail customers of electric
15 utilities that on December 31, 2005 provided electric
16 service to at least 100,000 customers in Illinois. For the
17 purposes of this Section, the term "eligible retail
18 customers" has the same definition as found in Section
19 16-111.5(a) of the Public Utilities Act.

20 (1) The Agency shall each year, beginning in 2008,
21 as needed, issue a request for qualifications for
22 experts or expert consulting firms to develop the
23 procurement plans in accordance with Section 16-111.5

1 of the Public Utilities Act. In order to qualify an
2 expert or expert consulting firm must have:

3 (A) direct previous experience assembling
4 large-scale power supply plans or portfolios for
5 end-use customers;

6 (B) an advanced degree in economics,
7 mathematics, engineering, risk management, or a
8 related area of study;

9 (C) 10 years of experience in the electricity
10 sector, including managing supply risk;

11 (D) expertise in wholesale electricity market
12 rules, including those established by the Federal
13 Energy Regulatory Commission and regional
14 transmission organizations;

15 (E) expertise in credit protocols and
16 familiarity with contract protocols;

17 (F) adequate resources to perform and fulfill
18 the required functions and responsibilities; and

19 (G) the absence of a conflict of interest and
20 inappropriate bias for or against potential
21 bidders or the affected electric utilities.

22 (2) The Agency shall each year, as needed, issue a
23 request for qualifications for a procurement
24 administrator to conduct the competitive procurement
25 processes in accordance with Section 16-111.5 of the
26 Public Utilities Act. In order to qualify an expert or

1 expert consulting firm must have:

2 (A) direct previous experience administering a
3 large-scale competitive procurement process;

4 (B) an advanced degree in economics,
5 mathematics, engineering, or a related area of
6 study;

7 (C) 10 years of experience in the electricity
8 sector, including risk management experience;

9 (D) expertise in wholesale electricity market
10 rules, including those established by the Federal
11 Energy Regulatory Commission and regional
12 transmission organizations;

13 (E) expertise in credit and contract
14 protocols;

15 (F) adequate resources to perform and fulfill
16 the required functions and responsibilities; and

17 (G) the absence of a conflict of interest and
18 inappropriate bias for or against potential
19 bidders or the affected electric utilities.

20 (3) The Agency shall provide affected utilities
21 and other interested parties with the lists of
22 qualified experts or expert consulting firms
23 identified through the request for qualifications
24 processes that are under consideration to develop the
25 procurement plans and to serve as the procurement
26 administrator. The Agency shall also provide each

1 qualified expert's or expert consulting firm's
2 response to the request for qualifications. All
3 information provided under this subparagraph shall
4 also be provided to the Commission. The Agency may
5 provide by rule for fees associated with supplying the
6 information to utilities and other interested parties.
7 These parties shall, within 5 business days, notify the
8 Agency in writing if they object to any experts or
9 expert consulting firms on the lists. Objections shall
10 be based on:

11 (A) failure to satisfy qualification criteria;

12 (B) identification of a conflict of interest;

13 or

14 (C) evidence of inappropriate bias for or
15 against potential bidders or the affected
16 utilities.

17 The Agency shall remove experts or expert
18 consulting firms from the lists within 10 days if there
19 is a reasonable basis for an objection and provide the
20 updated lists to the affected utilities and other
21 interested parties. If the Agency fails to remove an
22 expert or expert consulting firm from a list, an
23 objecting party may seek review by the Commission
24 within 5 days thereafter by filing a petition, and the
25 Commission shall render a ruling on the petition within
26 10 days. There is no right of appeal of the

1 Commission's ruling.

2 (4) The Agency shall issue requests for proposals
3 to the qualified experts or expert consulting firms to
4 develop a procurement plan for the affected utilities
5 and to serve as procurement administrator.

6 (5) The Agency shall select an expert or expert
7 consulting firm to develop procurement plans based on
8 the proposals submitted and shall award one-year
9 contracts to those selected with an option for the
10 Agency for a one-year renewal.

11 (6) The Agency shall select an expert or expert
12 consulting firm, with approval of the Commission, to
13 serve as procurement administrator based on the
14 proposals submitted. If the Commission rejects, within
15 5 days, the Agency's selection, the Agency shall submit
16 another recommendation within 3 days based on the
17 proposals submitted. The Agency shall award a one-year
18 contract to the expert or expert consulting firm so
19 selected with Commission approval with an option for
20 the Agency for a one-year renewal.

21 (b) The experts or expert consulting firms retained by
22 the Agency shall, as appropriate, prepare procurement
23 plans, and conduct a competitive procurement process as
24 prescribed in Section 16-111.5 of the Public Utilities Act,
25 to ensure adequate, reliable, affordable, efficient, and
26 environmentally sustainable electric service at the lowest

1 total cost over time, taking into account any benefits of
2 price stability, for eligible retail customers of electric
3 utilities that on December 31, 2005 provided electric
4 service to at least 100,000 customers in the State of
5 Illinois.

6 (c) Renewable portfolio standard.

7 (1) The procurement plans shall include
8 cost-effective renewable energy resources. A minimum
9 percentage of each utility's total supply to serve the
10 load of eligible retail customers, as defined in
11 Section 16-111.5(a) of the Public Utilities Act,
12 procured for each of the following years shall be
13 generated from cost-effective renewable energy
14 resources: at least 2% by June 1, 2008; at least 4% by
15 June 1, 2009; at least 5% by June 1, 2010; at least 6%
16 by June 1, 2011; at least 7% by June 1, 2012; at least
17 8% by June 1, 2013; at least 9% by June 1, 2014; at
18 least 10% by June 1, 2015; and increasing by at least
19 1.5% each year thereafter to at least 25% by June 1,
20 2025. To the extent that it is available, at least 75%
21 of the renewable energy resources used to meet these
22 standards shall come from wind generation. For
23 purposes of this Section, "cost-effective" means that
24 the costs of procuring renewable energy resources do
25 not cause the limit stated in paragraph (2) of this
26 subsection (c) to be exceeded.

1 (2) For purposes of this subsection (c), the
2 required procurement of cost-effective renewable
3 energy resources for a particular year shall be
4 measured as a percentage of the actual amount of
5 electricity (megawatt-hours) supplied by the electric
6 utility to eligible retail customers in the planning
7 year ending immediately prior to the procurement. For
8 purposes of this subsection (c), the amount per
9 kilowatthour means the total amount paid for electric
10 service expressed on a per kilowatthour basis. For
11 purposes of this subsection (c), the total amount paid
12 for electric service includes without limitation
13 amounts paid for supply, transmission, distribution,
14 surcharges, and add-on taxes.

15 Notwithstanding the requirements of this
16 subsection (c), the total of renewable energy
17 resources procured pursuant to the procurement plan
18 for any single year shall be reduced by an amount
19 necessary to limit the annual estimated average net
20 increase due to the costs of these resources included
21 in the amounts paid by eligible retail customers in
22 connection with electric service to:

23 (A) in 2008, no more than 0.5% of the amount
24 paid per kilowatthour by those customers during
25 the year ending May 31, 2007;

26 (B) in 2009, the greater of an additional 0.5%

1 of the amount paid per kilowatthour by those
2 customers during the year ending May 31, 2008 or 1%
3 of the amount paid per kilowatthour by those
4 customers during the year ending May 31, 2007;

5 (C) in 2010, the greater of an additional 0.5%
6 of the amount paid per kilowatthour by those
7 customers during the year ending May 31, 2009 or
8 1.5% of the amount paid per kilowatthour by those
9 customers during the year ending May 31, 2007;

10 (D) in 2011, the greater of an additional 0.5%
11 of the amount paid per kilowatthour by those
12 customers during the year ending May 31, 2010 or 2%
13 of the amount paid per kilowatthour by those
14 customers during the year ending May 31, 2007; and

15 (E) thereafter, the amount of renewable energy
16 resources procured pursuant to the procurement
17 plan for any single year shall be reduced by an
18 amount necessary to limit the estimated average
19 net increase due to the cost of these resources
20 included in the amounts paid by eligible retail
21 customers in connection with electric service to
22 no more than the greater of 2.015% of the amount
23 paid per kilowatthour by those customers during
24 the year ending May 31, 2007 or the incremental
25 amount per kilowatthour paid for these resources
26 in 2011.

1 No later than June 30, 2011, the Commission shall
2 review the limitation on the amount of renewable energy
3 resources procured pursuant to this subsection (c) and
4 report to the General Assembly its findings as to
5 whether that limitation unduly constrains the
6 procurement of cost-effective renewable energy
7 resources.

8 (3) Through June 1, 2011, renewable energy
9 resources shall be counted for the purpose of meeting
10 the renewable energy standards set forth in paragraph
11 (1) of this subsection (c) only if they are generated
12 from facilities located in the State, provided that
13 cost-effective renewable energy resources are
14 available from those facilities. If those
15 cost-effective resources are not available in
16 Illinois, they shall be procured in states that adjoin
17 Illinois and may be counted towards compliance. If
18 those cost-effective resources are not available in
19 Illinois or in states that adjoin Illinois, they shall
20 be purchased elsewhere and shall be counted towards
21 compliance. After June 1, 2011, cost-effective
22 renewable energy resources located in Illinois and in
23 states that adjoin Illinois may be counted towards
24 compliance with the standards set forth in paragraph
25 (1) of this subsection (c). If those cost-effective
26 resources are not available in Illinois or in states

1 that adjoin Illinois, they shall be purchased
2 elsewhere and shall be counted towards compliance.

3 (4) The electric utility shall retire all
4 renewable energy credits used to comply with the
5 standard.

6 (5) By 2020, at least 15% of a utility's total
7 supply to serve the load of retail customers shall be
8 derived from biomass or hydroelectric energy.

9 (d) The draft procurement plans are subject to public
10 comment, as required by Section 16-111.5 of the Public
11 Utilities Act.

12 (e) The Agency shall submit the final procurement plan
13 to the Commission. The Agency shall revise a procurement
14 plan if the Commission determines that it does not meet the
15 standards set forth in Section 16-111.5 of the Public
16 Utilities Act.

17 (f) The Agency shall assess fees to each affected
18 utility to recover the costs incurred in preparation of the
19 annual procurement plan for the utility.

20 (g) The Agency shall assess fees to each bidder to
21 recover the costs incurred in connection with a competitive
22 procurement process.

23 (Source: P.A. 95-481, eff. 8-28-07.)